

MINUTES  
OF THE  
GOVERNMENT CONTRACT  
REVIEW COMMITTEE

February 9, 1999

The Government Contract Review Committee met on Tuesday, February 9, 1999 at 9:00 a.m., in Room 125 of the Capitol Annex. Representative Brent Yonts, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Brent Yonts, Chairman; Representatives Jesse Crenshaw, Bob Heleringer, and Kathy Stein; and Senators Bob Jackson, Marshall Long, and Dick Roeding.

Guests: John Cubine, Todd Leatherman, Bob Bullock, Dr. John Wells, Ernie Lewis, Tonya Dickinson, Teresa Suter, Jill Darbyshire, Carson Smith, Paul Branham, Patrick Hughes, Beverly Haverstock, Milton Skeen, Edward Fields, Ralph Pardue, Dennis Taulbee, Alex Rose, Judy Tabor, Glen Bradt, Richard Plymel, Kathleen Schell, Karen Powell, Geri Grigsby, and Pat Foley.

LRC Staff: Michael Meeks, Joseph Hood, Kim Eisner, and Jamie Griffin.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Minutes of the January 12, 1999 meeting. The motion passed unanimously.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Routine Contract list with the exception of #1, between the Office of the Attorney General and Consultek International, LLC, PS# 990382; #2, between the Office of the Attorney General and Wolf, Block, Schorr & Solis-Cohen, LLP, PS# 990375; #9, between Eastern Kentucky University and J. Walker Fox, Inc., PS# 00-002; #10, between Eastern Kentucky University and J. Walker Fox, Inc., PS# 99-117; and #14, between the Department of Public Advocacy and Spangenberg Group, PS 990376. The motion passed unanimously.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Amendment list with the exception of #4, between Eastern Kentucky University and

Sandra L. Sibley, PS# 99-013; and #11, between Kentucky State University and Price Waterhouse Cooper, LLP, PS# 99-05. The motion passed unanimously.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Routine K.A.P.S. Contract list. The motion passed unanimously.

A motion was made by Senator Long and seconded by Senator Jackson to approve the K.A.P.S. Amendment list. The motion passed with Representative Heleringer voting NO on #8 and #9.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Routine Memoranda of Agreement list. The motion passed unanimously.

A motion was made by Senator Long and seconded by Senator Jackson to approve the Memoranda of Agreement Amendments. The motion passed unanimously.

The following ROUTINE CONTRACTS  
were APPROVED:

AUDITOR OF PUBLIC ACCOUNTS:

Tichenor & Associates, 990368.

COUNCIL ON POSTSECONDARY EDUCATION:

Pamela MacBrayne, 990381; RAND, 990377; Horizon Research International, 990373; Mary Beth Susman, 990374.

EASTERN KENTUCKY UNIVERSITY:

Buck Consultants, 99-111; Buck Consultants, 00-001.

KENTUCKY RACING COMMISSION:

Jockey Club Information Systems, 990380.

KENTUCKY STATE UNIVERSITY:

Ricks Associates, 99-14.

REVENUE CABINET:

Brown, Todd & Heyburn, 990371.

TRANSPORTATION CABINET:

T.H.E. Engineers, Inc., Ag# 399899; WMB, Inc., Ag# 369899; KZF, Inc., Ag# 409899; TRW, Inc., 971381; Post, Buckley, Schuh & Jernigan, Inc., Ag# 389899; American Engineers, Inc., 990028; Gresham Smith and Partners, Ag# 4198899.

UNIVERSITY OF KENTUCKY:

Sykes Enterprises, Inc., K99-160; NSS Environmental, A991180; Cornett Advertising, K99-159.

UNIVERSITY OF LOUISVILLE:

Dey Systems, Inc., 99-46.

WESTERN KENTUCKY UNIVERSITY:

Nikiforos Paradellis c/o Applied Physics Institute, 41-98.

WORKERS COMPENSATION FUNDING COMMISSION:

Loomis Sayles & Company, 990379.

WORKFORCE DEVELOPMENT CABINET:

Employment Solutions, 990359.

The following AMENDMENTS  
were APPROVED:

ADMINISTRATIVE OFFICE OF THE COURTS:

SoftTec, Inc., 99-09.

CLAIMS, BOARD OF:

Joseph D. Harkins, III, 990075.

EASTERN KENTUCKY UNIVERSITY:

Win-Win Solutions, 99-008EKU.

FINANCE AND ADMINISTRATION CABINET-  
DIVISION OF ENGINEERING:

Godsey Asbestos Consulting, Inc., 995379; Staggs and Fisher, 985050; Terry B. Simmons, 965021.

KENTUCKY LOTTERY CORPORATION:

Russell Training Group, Inc., 99-97-133; Voice Integrators, Inc., 99-97-192; Keane, Inc., 99-97-272-2.

PARKS, DEPARTMENT OF:

Mark Faust, 990337.

TRANSPORTATION:

Presnell Associates, Ag # 129293; 509697; Ag# 579596; GRW Engineers, Inc., Ag# 489091; American Engineers, Inc., Ag# 069192; Haworth, Meyer & Boleyn, Inc., Ag#

139495; Ag# 579697; Baker Engineering Unlimited, Inc., Ag# 038687; Law Environmental, Inc., Ag# 619293; American Consulting Engineers, PLC, Ag# 559394; Vaughn & Melton Consulting Engineers, Inc. (KY), Ag# 289697; Ag# 549697; Palmer Engineering Co., Ag# 339394; Ag# 319697; H. E. Rudy Consulting Engineers, Ag# 349697; H. W. Lochner, Inc., Ag# 409798.

UNIVERSITY OF KENTUCKY:

Pearson+Bender+Jolly, PLC, A96-1470; David C. Banks Architects & Associates, PSC, A97-1370; Bentz, Whaley, Flessner, K99-155.

WESTERN KENTUCKY UNIVERSITY:

Stites & Harbison, 6-98.

The following ROUTINE K.A.P.S. CONTRACTS  
were APPROVED:

FAMILIES AND CHILDREN, CABINET FOR:

Center For Women, PS995365; Weese, Willis L., PS995371.

FINANCE AND ADMINISTRATION CABINET:

Barents Group, LLC, PS995383.

INSURANCE, DEPARTMENT OF:

Farmer, James E., PS991222; Assessment Systems, Inc., PS995366.

The following K.A.P.S AMENDMENTS  
were APPROVED:

CORRECTIONS, DEPARTMENT FOR:

Neichter, Elizabeth A, PS991185 CO034285; Clark And Associates, PS995073 CO034299.

EDUCATION, DEPARTMENT OF:

Hanson, Bradley A, PS991065 CO991065; James, Joyce E, PS991103 CO991103; Taylor, Anitta, PS991119 CO991119; Webb, Ruth H, PS991158 CO991158; Bargione, Joseph, PS995017 CO033835; Blum, Daniel K, PS995019 CO033832; Goldstein, Alane, PS995020 CO033838; Hess Favreau, Jean M, PS995021 CO033829; Keene, Denise M, PS995022 CO033830; Llewellyn, John, PS995023 CO033837; Simmons, Mary, PS995025 CO033831.

FAMILIES AND CHILDREN, CABINET FOR:

Community Coordinated, PS990149; KY Domestic Violence, PS995170 CO033681.

FINANCE AND ADMINISTRATION CABINET:

Lewski, Michele, PS995236 CO034371.

HEALTH SERVICES, CABINET FOR:

AMS Temporaries Inc., PS995049 CO034073; AMS Temporaries Inc., PS995050 CO034074.

INFORMATION SYSTEMS, DEPARTMENT FOR:

Keane Inc, PS995319 CO033960.

JUSTICE CABINET:

Trover Clinic Foundation, PS995299 CO033615.

KENTUCKY SCHOOL FOR THE BLIND:

Hicks, Brooke, PS991191 CO991190.

The following ROUTINE MEMORANDA OF AGREEMENT  
were APPROVED:

CORRECTIONS, DEPARTMENT OF:

CHS - Mental Health/Retardation, 21379.

EDUCATION, DEPARTMENT OF:

Jefferson County Board of Education, 21391; 21395; Boyd County Schools, 21394; Paris Independent Schools, 21417; McCracken County School, 21418; Calloway County Schools, 21419; Lincoln County Schools, 21420; Newport Independent School, 21421; Oldham County School, 21422; Fleming County School, 21423; Department of Mental Health/Retardation Services, 21434; Ohio County Schools, 21436; Jefferson County Schools, 21440.

FAMILIES AND CHILDREN, CABINET FOR:

Office of Clark County Attorney, 21376.

FINANCE AND ADMINISTRATION CABINET:

Multiple Government Agencies, 21439.

HEALTH SERVICES, CABINET FOR:

Pulaski County Board of Education, 21400.

KY DEPT FOR ADULT EDUCATION AND LITERACY:

Jefferson County Board of Education, 21403; KEDC - Greenup County, 21404.

LOCAL GOVERNMENT, DEPARTMENT FOR:

McCracken County, DLG21385; City of Newport, DLG21414; City of Jenkins, DLG21415; Clay County, DLG310011; Carter County, DLG310018; Whitley County, DLG310021; Clay County, DLG310043; City of Manchester, DLG310054.

MILITARY AFFAIRS:

UK Research Foundation, 21265.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET:

Clay County Fiscal Court, 21381; Kentucky Heritage RC & D Council, 21405; Conservation, NREPC0047; NREPC0049; Department of Parks, NREPC0048.

OFFICE OF THE GOVERNOR - EMPOWER KENTUCKY:

Office of Geographic Information Systems, 21392.

TRANSPORTATION CABINET:

City of New Haven Kentucky Railway Museum, M1018; City of Florence, M1019.

WORKFORCE DEVELOPMENT CABINET:

Purchase ADD, 21372.

The following MEMORANDA OF AGREEMENT AMENDMENTS  
were APPROVED:

ADULT EDUCATION AND LITERACY, DEPARTMENT FOR:

Russellville Ind Bd. of Education (Logan County), 21324.

ATTORNEY GENERAL, OFFICE OF THE:

Commodity Growers Cooperative Association, 20749.

DEPARTMENT OF JUVENILE JUSTICE:

Kenton County Fiscal Court, 19812.

EDUCATION, DEPARTMENT OF:

Ohio Valley Educational Cooperative, 19463H-1; Bell County Board of Education (Gary Smith), 19636; Spencer County Schools (Erica Graham), 19664; Pikeville independent Schools (Modena Sallee), 20413; Jefferson County Board of Education, 20819.

FAMILIES AND CHILDREN, CABINET FOR:

Adair County Board of Education, 19575; Allen County Board of Education, 19576; Barren River ADD, 19852; 20174; Big Sandy Area Development District, 20177; Bluegrass Area Development District, 20070; Bluegrass Regional MH/MR Board, Inc., 20124; Buffalo Trace Area Development District, 20069; Bullitt County Board of Education,

19833; Casey County Board of Education, 19569; Clark County Board of Education, 19572; Community Action of Southern KY, Inc., 19802; Covington Independent Board of Education, 20245; Daviess County Board of Education, 19671; Eastern KY Concentrated Employment Program Inc., 20071; Elizabethtown Independent Board of Education, 19676; Estill County Board of Education, 19831; Floyd County Board of Education, 19848; Gallatin County Board of Education, 19768; Garrard County Board of Education, 19689; Green River Area Development District, 20173; Hardin County Board of Education, 19695; Superintendent of City Schools - Harrodsburg Independent, 19699; Hart County Board of Education, 19700; Henderson County Board of Education, 19702; Jefferson County Board of Education, 19843; Kenton County Board of Education, 19708; Lake Cumberland Area Development District, 20068; Laurel County Board of Education, 19748; Louisville-Jefferson County Job Training, 20248; Logan County Board of Education, 19761; Magoffin County Board of Education, 19756; Marion County Board of Education, 19755; Martin County Board of Education, 19751; McCracken County Board of Education, 19750; McCreary County Board of Education, 19841; Meade County Board of Education, 19738; Monroe County Board of Education, 19734; Nelson County Board of Education, 19757; Northern KY Area Development District, 20067; Office of Bath County Attorney, 19936; Ohio County Board of Education, 19744; Oldham County Board of Education, 19726; Owen County Board of Education, 19725; Owensboro Independent Board of Education, 19728; Paducah Independent Board of Education, 19730; Powell County Board of Education, 19782; Pennyroyal Area Development District, 20065; Office of the Barren County Attorney, 20165; Office of Pendleton County Attorney, 20172; Transportation Cabinet, 20336; Eastern Kentucky University, 20346; Office of Attorney General, 20361; Workforce Development Cabinet, 20508; University of Kentucky, 20509.

GOVERNOR, OFFICE THE:

KY Higher Education Assistance Authority, 21195.

HEALTH SERVICES, CABINET FOR:

Seven Counties Services, Inc., 19928; Western Kentucky MH/MR, 19929; Northern Kentucky MH/MR, 19930; Region XI, 19931; Bluegrass Regional MH/MR, 19947; Pathways, Inc., 19987; Pennyroyal MH/MR, 19989; Lake Cumberland, 19990; River Valley Behavioral Health MH/MR, 19991; Cumberland River MH/MR, 19992; Lifeskills, Inc., 19993; Kentucky River Community Care, 19994; Communicare, Inc., 19996.

LOCAL GOVERNMENT, DEPARTMENT FOR:

City of Stanford, DLG14885; Bullitt County, DLG15021; City of Hartford, DLG16406; Greenspace, Inc., DLG17257; City of Dawson Springs, DLG17259; Jefferson County, DLG17262; TVA Land Between the Lakes, DLG18848; Pulaski County, DLG18849; City of Beattyville, DLG18869; City of Southgate, DLG18905; Department of Fish and Wildlife, DLG18984; City of Louisville, DLG19085; City of Wilmore, DLG19086; Lincoln County, DLG19161.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET:

Estill County Schools, 9129.

WORKFORCE DEVELOPMENT:

Department for Employment Services, 19496.

The following CONTRACTS were PULLED  
from the ROUTINE CONTRACT List:

ATTORNEY GENERAL,

OFFICE OF THE

Wolf, Block, Schorr & Solis-Cohen, PS# 990375.

Mr. John Cubine, Mr. Todd Leatherman, and Mr. Bob Bullock, Office of the Attorney General, discussed the contract with the committee. Mr. Cubine stated that this firm accompanied the Governor, Attorney General, Commissioner of Agriculture, and Representatives of the General Assembly on two trips to North Carolina to discuss the Commonwealth's participation in the supplemental 5.1 billion dollar settlement to assist tobacco farmers. Wolf, Block, Schorr & Solis-Cohen attended both meetings and are assisting in Commonwealth in reviewing all documents, the settlement agreements, and how that money will be distributed. Chairman Yonts commented on the hourly rate as submitted. Mr. Cubine stated that the committee, at the last meeting, had admonished the Office of the Attorney General not to pay the proposed rate, therefore, after negotiating a fee rate schedule of \$295.00 per hour the Commonwealth fared better than originally proposed. Mr. Cubine further explained that, as a result of the settlement negotiations, the Commonwealth will get thirty-three percent of 5.1 billion dollars. Chairman Yonts stated that they had done an excellent job from what he had read in the newspapers. Senator Roeding questioned the total number of billable hours by the contractor. Mr. Cubine said that the contract was based on 250 hours, and the contract provides up to \$6,000.00 for actual out of pocket expenses with receipts and provides for travel at state per diem rates. Representative Heleringer stated that he had pulled this contract merely to find out what happened since the last meeting. A motion was made by Senator Long and seconded by Senator Jackson to approve the contract. The motion passed unanimously.

Consultek International, LLC, PS# 990382.

Mr. John Cubine, Mr. Todd Leatherman, and Mr. Bob Bullock, Office of the Attorney General, discussed the contract with the committee. Mr. Cubine stated that Mr. Leatherman negotiated the contract with Terminex International, which resulted in payment of approximately \$800,000.00 to the Commonwealth. Mr. Cubine explained the division of the proceeds. Consultek was already under contract with the Office of the Attorney General and had the required expertise as a result of work related to another case against Orkin. Mr. Leatherman explained that the Terminex agreement will require monitoring of various parts of the consent agreement and provides for a series of inspections to be conducted by Terminex. The Department of Agriculture will be responsible for conducting joint and random field inspections to insure that homes are being treated in accordance with the state regulatory standards. Consultek will audit both Terminex field inspections, and the



Department of Agriculture will review paperwork concerning compensation issues. One of the main issues in litigation with Terminex was the compensation structure wherein it was discovered that there were incentives for Terminex to cut back on service at the expense of increased sales. Terminex has agreed to restructure its compensation program to provide more incentives for managers to insist on quality service. Consultek will be called upon to insure the inspections are being conducted, at the expense of Terminex, and to coordinate with the Office of the Attorney General to resolve any problems as they occur in the field. Representative Heleringer questioned the Special Revenue Fund category. Mr. Cubine stated that category was created because the funds from the settlement were derived by court order. Mr. Leatherman further explained that new technologies, new chemicals, and new baiting systems were being reviewed to make sure that consumers are getting what they contract to receive. There was a brief discussion of termite behavior and the possibility of a memorandum of agreement between the Office of the Attorney General and the University of Kentucky to conduct a study. Senator Long asked about the existence of other suits against providers of termite inspections. Mr. Leatherman stated that the Office of the Attorney General was currently reviewing the other companies. A motion was made by Representative Heleringer and seconded by Senator Long to approve the contract. The motion passed unanimously.

#### EASTERN KENTUCKY UNIVERSITY

J. Walker Fox, Inc., PS# 00-002, and J. Walker Fox, Inc., PS# 99-117.

Dr. James B. Wells, Eastern Kentucky University, discussed the contract with the committee. Chairman Yonts asked Dr. Wells to explain the contract to the committee. Dr. Wells stated that the Bureau of Justice Statistics makes available to each statistical analysis center in each state, funds to serve that states' interest and priorities. The research topic selected by the Commonwealth involves a study of routine responses to school crime by schools and other agencies. Considering the fact that there is virtually no systematic tracking on routine responses to school crime, officials do not know the role of other agencies and there is no information regarding the amount of inner agency cooperation and communication that takes place responding to school crimes. This project requires travel to three different school sites throughout the state and interviews of school personnel. Senator Roeding asked who would receive the results and how would the results be used. Dr. Wells stated that they were hoping the project would produce statistics and other information that will aid the General Assembly in enacting new policies regarding school safety. Senator Roeding stated that he felt the report should be shared with the Legislative Research Commission and the juvenile detention centers around Kentucky. Dr. Wells stated that he hoped this study would be considered a good pilot study in relation to the other research at the school safety center, although they had limited themselves to three school districts. Representative Heleringer questioned the provisions of the contract further. Dr. Wells stated there wasn't a whole lot known about the level of social communication, how a school crime is documented, or how that information is shared with other agencies. He stated his desire to develop a flow chart of agency information sharing and cooperation from which a model of social interaction to school misconduct can be developed. A motion

was made by Senator Jackson and seconded by Representative Crenshaw to approve the contracts. The motion passed with Representative Heleringer voting NO.

DEPARTMENT OF PUBLIC ADVOCACY

Spangenberg Group, PS 990376.

Mr. Ernie Lewis and Ms. Tonya Dickinson, Department of Public Advocacy, discussed the contract with the committee. Mr. Lewis stated that this contract was entered into to serve a blue ribbon group of individuals and to examine the chronic under-funding of the Kentucky Public Defender System, which is the lowest funded Public Defender System in the country at \$183.00 per case. The department was able to secure federal funding to obtain a consultant to assist in this project by providing pertinent information, conducting research, and providing good and accurate data for the group and to help recruit a capital trial branch manager. Representative Heleringer expressed an objection to paying a consultant \$53,500.00 to tell the Commonwealth what is already known, and cited examples of successful alternatives such as in the City of Louisville, where the volunteer lawyer program with the Legal Aid Society, Inc., has proven successful. He cited the disability courts and the other programs that provide lawyers on a pro bono basis. Representative Crenshaw commended Mr. Lewis and his staff for soliciting this contract because, in his experience, the Office of the Public Defender has always been unbelievably under-funded. Senator Roeding asked if all areas of the state were being represented on the panel and who would see the results. Mr. Lewis stated that his office will have failed if they do not get the findings out the appropriate entities.

Senator Long questioned why the contract had an effective date of September 1, 1998, to which Mr. Lewis replied that Mr. Spangenberg was out of the country for a period of time. Senator Long requested that contracts filed with the committee for approval should be filed on a timely basis.

Representative Stein stated that, based upon Section 57 of our Constitution, she would abstain from voting on this contract. However, she commended Mr. Lewis and the Department of Public Advocacy. She commented that until the public is educated to realize that a criminal justice system, which has as an ultimate goal of keeping the public safe, must demonstrate that the strength of criminal justice system also depends upon the strength of both sides of advocacy, the Commonwealth will not have the sort of criminal justice system that citizens deserve. A motion was made by Senator Jackson and seconded by Representative Crenshaw to approve the contract. The motion passed with Chairman Yonts and Representative Stein ABSTAINING, and Representative Heleringer and Senator Roeding voting NO.

The following AMENDMENTS were PULLED  
from the AMENDMENT List:

EASTERN KENTUCKY UNIVERSITY

Sandra L. Sibley, PS# 99-013.

Ms. Teresa Suter, Cabinet for Families and Children, and Ms. Jill Darbyshire, Eastern Kentucky University, discussed the contract with the committee. Ms. Suter stated that this contract was for consulting services related to organizational, development and change management to work through the organizational redesign of the cabinet, to work specifically with cabinet employees in breaking down the bureaucratic processes currently in place, and to try to install a more flexible, responsive system. Senator Roeding asked about the necessity of the contract, where the \$40,000.00 funds were being derived, and why this couldn't have been done in-house. Ms. Suter stated that the contract was required due to the massive nature of the restructuring; that funding has come from savings by the merging of three separate contracts that the Training Resource Center at Eastern Kentucky University had with the Department for Social Insurance, Family Resources and Youth Services Centers; and that individuals have been selected to work with Sandra Sibley to build the capacity internally so that the cabinet can take over by July 1, 1999. Senator Jackson asked about the efficiency component in this process. Ms. Suter explained the shift from the top down management whereby the Frankfort based central office staff would become more of a support and technical assistance provider to the new service region administrators and service regions that are coming up across the state. The decisions would be made at the local level, with Frankfort facilitating those decisions. This method would be better for the clients, the families, and workers. Representative Heleringer asked about Ms. Sibley's consulting experience. Ms. Suter stated that Ms. Sibley had worked with Lexmark in the redesign of that organization and with the Empower Kentucky in helping design training packages in the changed management arena. Representative Heleringer suggested that the Cabinet for Health Services be included in the contract and expressed his belief that the vast majority of consulting contracts could be done in-house by the intelligent, dedicated, responsible state employees that could do the job. A motion was made by Senator Jackson and seconded by Representative Stein to approve the amendment. The motion passed with Representative Heleringer voting NO.

#### KENTUCKY STATE UNIVERSITY

Price Waterhouse Coopers, LLP, PS# 99-05.

Mr. Paul Branham and Mr. Carson Smith, Kentucky State University, discussed the contract with the committee. Chairman Yonts asked about an amendment to this contract at the last meeting of the committee for \$50,000.000 and this amendment for \$25,000.00, which brings the contract total to \$128,250.00, for auditing services that end FY 98. Mr. Smith explained that one of the problems involved, at least, three years worth of non-compliance with recommendations made by the auditors. The panel explained that the current president and administration took over July 1, 1998, and the issues and problems under discussion relate to problems that occurred at least three years prior to the new administration and relate specifically to mechanical and policy issues. Chairman Yonts asked whether assets or funds could not be accounted, or whether funds that have been expended lacked the paperwork to backup the expenditures. Mr. Smith stated that the problem was reconciliation. Senator Long stated that he was familiar with the subject matter of this contract, having met with Dr. Reid at Kentucky State University, and urged the

support of the amendment. A motion was made by Senator Long and seconded by Senator Jackson to approve the amendment. The motion passed unanimously.

The following ROUTINE CONTRACTS were DEFERRED  
from the ROUTINE List:

KENTUCKY COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM

Deters, Benzinger & Lavelle, PS# 990357.

Mr. Patrick Hughes, Deters, Benzinger & Lavelle, and Mr. Milton Skeen, and Ms. Beverly Haverstock, Kentucky Community and Technical College System, discussed the contract with the committee. Representative Heleringer asked about the nature of the contract. Ms. Haverstock stated that the law firm would be assisting KCTCS with legal services in three different areas: the area of foundations, in which there are 27 private foundations for the community colleges and the board has requested advice on how to set up a statewide foundation with the Board of Regents; the area of construction, in which KCTCS inherited a case revolving around the Henderson Community College Fine Arts Building; and the area of tax advice. She stated that KCTCS and in-house counsel lack the expertise to handle these matters. A motion was made by Representative Heleringer and seconded by Representative Crenshaw to approve the contract. The motion passed unanimously.

EASTERN KENTUCKY UNIVERSITY

Edward Brodt, PS# 99-099.

Chairman Yonts stated that the contract had been withdrawn pursuant to the request of the agency.

KENTUCKY STATE UNIVERSITY

Student Information Systems, Inc., PS# KSU-99-10.

Mr. Carson Smith, Mr. Edward Fields, and Mr. Ralph Pardue, Kentucky State University, discussed the contract with the committee. Chairman Yonts requested a brief explanation of the contract. Mr. Smith stated that the contract is to provide expert leadership leading toward the completion of migration of SIS plus, which is a student information system, Systems Control Technology, Inc. product, a computer module, and specifically making the student information systems Year 2000 compliant. Representative Heleringer asked the meaning of student information systems. Mr. Smith stated the university leases proprietary software from Systems Control Technology, Inc., called Series Z that relates to four different aspects of administration. The four primary components are financial, student, human resource, and alumni development. Representative Heleringer asked if the university was purchasing the software. Mr. Smith stated that the university was leasing the software and this contract applies to the migration, or moving from one module to another, and upgrade in the software which is specifically designed to ensure that the university is Year 2000 compliant. Representative Heleringer

asked about the renewability of the contract. Mr. Smith stated that the contract would be continuing but not in the current magnitude. A motion was made by Representative Heleringer and seconded by Senator Long to approve the contract. The motion passed unanimously.

#### COUNCIL ON POSTSECONDARY EDUCATION

Jeff Hockaday, PS# 99-361.

Mr. Dennis Taulbee, Council on Postsecondary Education, discussed the contract with the committee. Chairman Yonts asked Mr. Taulbee to explain the contract. Mr. Taulbee stated that Dr. Jeff Hockaday was the interim President of KCTCS, however his term expired in December 1998. He testified that there were a number of issues that Dr. Hockaday was dealing with related to the Council on Postsecondary Education including the agreements between KCTCS and the institutions, in which the council plays a role for regional postsecondary education centers. It was the consensus of the council, and Dr. McCaull the current president agreed, that Dr. Hockaday should continue to assist in resolving some of those problems. A 60 day contract was executed, over a six month period with a maximum of ten days per month at \$900.00 per day which is \$54,000.00, and \$8,000.00 in travel. Dr. Hockaday will also be utilized to assist with workforce development issues. Representative Heleringer asked about Dr. Hockaday's salary when he was the interim President. Although Mr. Smith was unsure, the \$900.00 per day fee he would make under the provisions of the current contract is fairly standard for contracts in the higher education business. Senator Jackson stated that he spoke with Dr. Davies about this contract. He determined that because of all the changes in higher education reform, there are staffing shortages on the KCTCS side, new individuals, and staffing problems within the Council on Postsecondary Education. He urged passage of the contract. A motion was made by Senator Jackson and seconded by Representative Crenshaw to approve the contract. The motion passed with Representative Heleringer voting NO.

#### The following AMENDMENTS were DEFERRED from the ROUTINE AMENDMENT List:

#### DEPARTMENT OF REVENUE

C. Christopher Trower, PS# 90176-1.

Mr. Alec Rose, Department of Revenue, discussed the amendment with the committee. Mr. Rose stated that this was an amendment to the original contract to help analyze highly technical complex refund claims amounting to approximately \$200 million dollars. Subsequently, during the 1998 Legislative session, House Bill 321, Section 33, was enacted which prevented the Revenue Cabinet from making these refunds, which invited class action law suits against the cabinet. Three major corporations have brought class action law suits against the cabinet which resulted in a need for this amendment to the contract. Mr. Trower is an expert in this field, and another of the leading experts in the nation is one of the lead attorneys on the other side. Mr. Rose stated that the subject of the contract concerned legislation on the unitary tax, fortunately this problem relates only to

tax years 1990 through 1994. Senator Long stated that he had spoken with the Secretary of the Revenue Cabinet about the contract and amendment, and is convinced that the Commonwealth stands to lose \$200 or \$300 million dollars if the Commonwealth does not properly defend this suit. Representative Heleringer stated that he had pulled the contract because of the size, which may set a record for a one time vendor. A motion was made by Representative Heleringer and seconded by Senator Long to approve the contract. The motion passed unanimously.

#### CABINET FOR HEALTH SERVICES

Kentucky Disabilities Coalition, PS# 990153-2.

Representative Heleringer stated that he had problems with the description of this amendment because it appears as though state tax dollars will be utilized to help pay for the vendor to conduct advocacy activities, and in essence paying them to lobby. He requested the agency to appear before the committee to explain the contract. A motion was made by Senator Jackson and seconded by Senator Long to defer the contract to the March meeting. The motion passed unanimously.

The following K.A.P.S. CONTRACT was DEFERRED  
from the ROUTINE K.A.P.S. List:

#### DEPARTMENT OF EDUCATION

National Study of School Evaluation, PS# 995363.

Mr. Glenn Bradt and Ms. Judy Tabor, Department of Education, discussed the amendment with the committee. Chairman Yonts asked the department to briefly explain the contract. Ms. Tabor stated that the contract is for the purpose of training based and regional staff. The department became familiar with these materials from the National Study of School Evaluation and began to see how these materials and information could strengthen the consolidated planning process. The consolidated planning process is a system or mechanism whereby schools and districts can apply for nineteen state and federal programs, and receive their funds. The purpose was to cut down on bureaucracy and paperwork. Representative Heleringer stated that it appears the contract is to hire a consultant for the consultant. He said the committee approved several contracts last month, like Joyce James, as a consultant for the expertise she possesses and this is program is designed to assist them in doing their jobs well. Ms. Tabor stated that the National Study of School Evaluation is a non-profit organization that has been around since 1933. Its' primary purpose is to develop school improvement materials and it has resources that the Department of Education does not have. Their primary purpose is to develop these materials and to involve broad based representatives. They have involvement from approximately 20 professional organizations in mathematics, english, and other subjects. Representative Heleringer stated that he does not deny that they are the most qualified in their field, he merely objects to the consultants paying themselves. Senator Jackson asked Ms. Tabor to explain the Regional Service Center as it relates to their duties and why it is so important. Ms. Tabor stated that the Regional Service Centers have experts in reading, mathematics, science, social studies,

writing, consultants, and in addition there are four other consultants in those regions and it is crucial to the work in supporting schools and districts that they are well equipped. There are eight Regional Service Centers across the Commonwealth that are providing a great service to the schools and districts, they will go into any school that needs assistance in any of those areas. Senator Jackson stated that the Regional Service Center employees were on loan from school districts are consultants and act as consultants. They are educational professionals, teachers, administrators, and the other professionals, along with being consultants. A motion was made by Senator Jackson and seconded by Representative Stein to approve the contract. The motion passed with Representative Heleringer voting NO.

The following K.A.P.S. AMENDMENT was DEFERRED  
from the K.A.P.S. AMENDMENT List:

HEALTH SERVICES, CABINET FOR

John D. Tarrant, DMD, PS# 995175, AOC 33500.

A motion was made by Senator Long and seconded by Senator Jackson to defer the contract to the March meeting. The motion passed unanimously.

DRAFT POLICY STATEMENT RELATING TO FEES FOR LEGAL SERVICES

Mr. Richard Plymel, University of Kentucky, Kathleen Schell, Board of Claims, Karen Powell, Finance and Administration Cabinet, Geri Grigsby, and Pat Foley, Transportation Cabinet, came before the committee to discuss the proposed policy. Chairman Yonts stated that the policy statement before the committee was to raise the maximum fees for legal services to \$125/ hour, and that one issue which arose relates to the maximum rate for hearing officers and whether that rate should be established at not more than \$75/ hour or not more than \$125/ hour. Chairman Yonts summarized the proposed changes for the members. Mr. Plymel stated that in 1982 when the rate was established, it may have been a reasonable discounted rate for legal services by some firms, however he pointed out to the members, a study conducted by the American Bar Association in 1997 that showed that the average hourly rate in 1997 ranged between \$220 to \$250/ hour for partners and between \$130 to \$150/ hour for associates nationwide. He stated that, in his opinion, state agencies were losing the services of good firms because of the low maximum rate, and he described an insurance-related method that many state agencies utilize to pay for legal services at a higher rate. He expressed his belief that a rate change was long overdue.

Ms. Schell stated that hearing officers on the Board of Claims are currently paid \$40/ hour, explained the amount she charges for legal services, expressed her belief that obtaining quality legal work for \$40/ hour was unreasonable, and described the inequality of paying attorneys associated with law firms \$75/ hour while paying the hearing officer hearing the claim \$40/ hour. She commended the committee for discussing this matter, and urged the committee to treat attorneys in the same manner as hearing officers.

Ms. Powell stated that they had met with Mr. Meeks, Committee Staff Administrator, to discuss the maximum hourly rate for legal service, and was pleased to see

the maximum rate proposed at \$125/ hour. The current proposed rate would reduce many of the requests for waiver that are made to Secretary McCarty.

Ms. Grigsby addressed only on the surface and mineral title rates and stated that, as drafted, it should meet the needs of the cabinet in virtually all cases, however there was concern that there may be an exceptional type of case in which the cabinet may need to exceed the maximum amount. Chairman Yonts asked if the cabinet had ever paid \$400/ mineral title opinion. Ms. Foley stated that the current contracts were costing \$1,000/ mineral title with gas titles costing more. The majority of surface titles are conducted at \$170/ title with some being completed in-house.

Representative Heleringer stated his belief in raising these rates, but expressed his desire to see some manner of fiscal impact statement on what affect these increases will have on the Commonwealth. He also urged a more graduated fee schedule and suggested \$100/ hour for partners, which would include a hearing officer or sole practitioner, and \$80/ associate. He also express his concern for the small to medium law firms around the Commonwealth that may not be able to participate in government contracting, and suggested that those firms should be invited to participate and receive some legal contracts.

Chairman Yonts pointed out a letter from the Office of the Attorney General suggesting that the portion of the proposed policy relating to legal secretaries be deleted because it should be a part of the firms overhead charges.

Representative Heleringer made a motion to amend the policy to establish the maximum hourly rate for legal services of a partner at a rate not to exceed \$100/ hour, designation partner to include hearing officer, establish the maximum hourly rate for legal services of a sole practitioner at the proposed associate rate not to exceed \$80/ hour, and establish the maximum hourly rate for appellate work at a rate not to exceed \$100/ hour. The motion was seconded by Senator Roeding. The motion failed.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the policy statement as proposed without the legal secretary portion. The motion passed with Representative Heleringer voting NO.

The meeting was adjourned at 10:30 a.m.